AMENDED IN SENATE JUNE 10, 2009 AMENDED IN ASSEMBLY APRIL 20, 2009 AMENDED IN ASSEMBLY APRIL 2, 2009

CALIFORNIA LEGISLATURE—2009-10 REGULAR SESSION

ASSEMBLY BILL

No. 300

Introduced by Assembly Member Caballero

February 17, 2009

An act to amend, repeal, and add Section 66473.7 of the Government Code, and to amend, repeal, and add Section 10910 of the Water Code, relating to subdivision map approvals.

LEGISLATIVE COUNSEL'S DIGEST

AB 300, as amended, Caballero. Subdivisions: water supply.

(1) The Subdivision Map Act prohibits approval of a tentative map, or a parcel map for which a tentative map was not required, or a development agreement for a subdivision of property of more than 500 dwelling units, except as specified, including the design of the subdivision or the type of improvement, unless the legislative body of a city or county or the designated advisory agency provides written verification from the applicable public water system that a sufficient water supply is available or, in addition, a specified finding is made by the local agency that sufficient water supplies are, or will be, available prior to completion of the project.

This bill would require, until January 1, 2020, the public water system, or the local agency if there is no public water system, to review, verify for accuracy, and approve, as specified, the subdivider's water savings projections attributable to voluntary demand management measures, as defined. The public water agency would be authorized to collect fees

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necessary to provide the additional analysis of the voluntary demand management measures. This bill would provide that a water supply assessment completed, as specified, satisfies the existing requirement of verifying sufficient water supply, except as specified with regard to new information or water savings projections. Water savings projections would be authorized to be calculated using specified data compiled or maintained by the public water system or the water savings projections adopted by the California Urban Water Conservation Council. Water savings projections for measures for which the California Urban Water Conservation Council does not have adopted findings would be required to be based on substantial evidence in the record and included in the water supply assessment adopted by the water supplier. If a project applicant proposes to use a new voluntary water reduction demand management measure that is not based on water savings projections adopted by the California Urban Water Conservation Council, the legislative body of a city or county or the advisory agency would be required to have the project applicant enter into an a mutual agreement with the water utility to implement and monitor the actual water savings over time, as specified. The public water system would be required to prepare a written report of the projected water demand versus the actual water use 5 years after the project has been fully developed, and to provide copies of the report to the project applicant, the city or county that approved the subdivision map, the California Urban Water Conservation Council, and the Department of Water Resources. The bill would also require, at the time of final inspection, that a manual providing, among other things, directions to the owner or occupant on the proper use of water conservation devices and systems be placed in the dwelling. By adding to the duties of the public water system, this bill would impose a state-mandated local program.

(2) Existing law requires a city or county that determines a project, as defined, is subject to the California Environmental Quality Act to identify any public water system that may supply water for the project and to request those public water systems to prepare a specified water supply assessment. If no public water system is identified, the city or county is required to prepare the water supply assessment.

This bill would require, until January 1, 2020, if the project applicant elects to include voluntary demand management measures, any city, county, or public water system preparing a water supply assessment to reduce the projected water demand for the project to an amount below the current statutory, regulatory, and local-ordinance local ordinance

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requirements based on the project applicant's voluntary water demand management measures, as defined. The bill would authorize the applicant to enter into-an a mutual agreement with the public water system to mitigate or offset the water demand associated with a proposed subdivision by depositing funds in a Voluntary Water Demand Mitigation Fund, as defined. The fees paid into the Voluntary Water Demand Mitigation Fund would be prohibited from exceeding the amount necessary to offset the actual or percentage of actual water demand impacts determined according to the agreement between the applicant and the public water system. The fees would be prohibited from exceeding the amount of all capacity charges and other water service fees applicable to the subdivision, and those capacity charges and other water service fees would be required to be reduced the public water system would have discretion to reduce those capacity charges to the extent that contributions are made to the Voluntary Water Demand Mitigation Fund. The public water system would be required to expend all funds from the Voluntary Water Demand Mitigation Fund on water conservation measures that will reduce the projected demand associated with the subdivision, and or on water conservation programs in any disadvantaged community. The public water system would be prohibited from using any funds from the *Voluntary* Water Conservation Mitigation Fund to supplant funding for water conservation programs required by existing law or paid for by existing customers through water rates and surcharges. The bill would require the public water system to choose water conservation measures that are the least expensive and most cost effective cost-effective means to yield water. The bill would authorize expenditures from the fund to be made within the subdivision or elsewhere within the service area of the public water supplier, at its discretion. Water savings projections would be authorized to be calculated using specified data compiled or maintained by the public water system or the water savings projections adopted by the California Urban Water Conservation Council. Water savings projections for measures for which the California Urban Water Conservation Council does not have adopted findings would be required to be based on substantial evidence in the record and included in the water supply assessment adopted by the water supplier. If a project applicant proposes to use a new voluntary water reduction demand management measure that is not based on water savings projections adopted by the California Urban Water Conservation Council, the legislative body of a city or county or the advisory agency would be required to have the project AB 300 —4—

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applicant enter into—an *a mutual* agreement with the water utility to implement and monitor the actual water savings over time, as specified. The public water system would be required to prepare a written report of the projected water demand versus the actual water use 5 years after the project has been fully developed. By adding to the duties of the public water system, this bill would impose a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares:

- (a) Current law requires an assessment of how new land use proposals will affect water supply without recognizing the potential benefits of evolving voluntary water conservation measures.
- (b) Water conservation measures beyond those already required by state law should be encouraged by accounting for their use when quantifying project water demand.
- (c) The amount of water demand reductions should be confirmed by the water agencies responsible for providing water service to new development in a cooperative approach with project proponents and local governments that ensures projected water savings are achieved.
- (d) Water agencies and local government should provide flexibility and encourage the development and implementation of innovative new water conservation technology, water use efficiency, and water management techniques to meet customer needs throughout the differing hydrologic regions of the state.
- (e) Encouraging widespread use of voluntary water conservation measures will assist water agencies and the state in documenting the potential water savings from new water use efficiency projects and programs in a manner that will promote successful water conservation strategies and discourage ineffective ones.

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(f) There have been numerous water use efficiency technological and management developments related to landscape irrigation in recent years, and this act will promote the adoption of approaches that go beyond the state's Model Landscape Ordinance.

- (g) More efficient use of water statewide also will reduce the energy necessary to pump, transport, and treat water with potentially significant corresponding reductions in greenhouse gas emissions.
- 9 SEC. 2. Section 66473.7 of the Government Code is amended to read:
 - 66473.7. (a) For the purposes of this section, the following definitions apply:
 - (1) "Subdivision" means a proposed residential development of more than 500 dwelling units, except that for a public water system that has fewer than 5,000 service connections, "subdivision" means any proposed residential development that would account for an increase of 10 percent or more in the number of the public water system's existing service connections.
 - (2) "Sufficient water supply" means the total water supplies available during normal, single-dry, and multiple-dry single dry, and multiple dry years within a 20-year projection that will meet the projected demand associated with the proposed subdivision, in addition to existing and planned future uses, including, but not limited to, agricultural and industrial uses. In determining "sufficient water supply," all of the following factors shall be considered:
 - (A) The availability of water supplies over a historical record of at least 20 years.
 - (B) The applicability of an urban water shortage contingency analysis prepared pursuant to Section 10632 of the Water Code that includes actions to be undertaken by the public water system in response to water supply shortages.
 - (C) The reduction in water supply allocated to a specific water use sector pursuant to a resolution or ordinance adopted, or a contract entered into, by the public water system, as long as that resolution, ordinance, or contract does not conflict with Section 354 of the Water Code.
 - (D) The amount of water that the water supplier can reasonably rely on receiving from other water supply projects, such as conjunctive use, reclaimed water, water conservation, and water

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transfer, including programs identified under federal, state, and local water initiatives such as CALFED and Colorado River tentative agreements, to the extent that these water supplies meet the criteria of subdivision (d).

- (3) "Public water system" means the water supplier that is, or may become as a result of servicing the subdivision included in a tentative map pursuant to subdivision (b), a public water system, as defined in Section 10912 of the Water Code, that may supply water for a subdivision.
- (4) "Projected demand associated with the proposed subdivision" means the anticipated water demand for the project, given current statutory, regulatory, and local-ordinance local ordinance requirements, reduced by the amount of voluntary demand management measures.
- (5) "Voluntary demand management measures" means water use efficiency measures that are permanently fixed to residential, commercial, industrial, or other real property that will reduce the subdivision's water demand below the applicable statutory, regulatory, and local-ordinance local ordinance requirements for water conservation, and may include, but are not limited to, all of the following:
 - (A) Smart irrigation controllers.
 - (B) Waterless urinals.
- (C) Ultralow flow and dual flow toilets.
- 25 (D) Recycled water facilities.
 - (E) Rainwater capture and reuse facilities.
 - (F) Any other measure that will prevent the waste of water or promote the reasonable and efficient use and reuse of available water supplies by the subdivision or the public. For the purposes of this chapter, water recycling shall be eligible as a water conservation measure.
 - (G) Voluntary mitigation measures may include, at the applicant's sole discretion, water—demand mitigation measures conservation offsets which minimize a percentage of a project's impact on the public water system, as determined by the applicant, of a project's impact to the public water system and agreed upon by the public water system. The applicant may enter into—an a mutual agreement with the public water system to mitigate water demand associated with a proposed subdivision by depositing funds into a Voluntary Water Demand Mitigation Fund. The fees

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paid into the Voluntary Water Demand Mitigation Fund shall not exceed an amount necessary to offset the actual or percentage of actual water demand impacts agreed upon in the agreement between the applicant and the public water system. The fees may not exceed the amount of all capacity charges and other water service fees applicable to the subdivision. All applicable capacity charges and other water service fees shall be reduced to the extent that contributions are made to the Voluntary Water Demand Mitigation Fund. This section shall not be waived or modified by contractual agreement, act, or omission of the parties. At the discretion of the public water system, the amount required for the Voluntary Water Demand Mitigation Fund may be reduced by a portion of the normally required system capacity charges that finance future water storage and distribution. A tentative map that includes a subdivision may not be disapproved due to the applicant's refusal to use voluntary mitigation measures.

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- (6) "Voluntary Water Demand Mitigation Fund" means the fund used to finance water conservation and water supply augmentation measures by the public water system that mitigate *or offset* an agreed upon percentage of the projected water demand impacts from the subdivision, at the discretion of the applicant.
- (b) (1) The legislative body of a city or county or the advisory agency, to the extent that it is authorized by local ordinance to approve, conditionally approve, or disapprove the tentative map, shall include as a condition in any tentative map that includes a subdivision a requirement that a sufficient water supply shall be available. Proof of the availability of a sufficient water supply shall be requested by the subdivision applicant or local agency, at the discretion of the local agency, and shall be based on written verification from the applicable public water system within 90 days of a request. The water savings projection attributable to voluntary demand management measures shall be contained in the written verification and shall be verified for accuracy and approved by the public water system, or, if there is no public water system, the local agency. The public water agency may collect fees necessary to provide additional analysis of voluntary demand management measures required by this section, pursuant to Section 66014. A water supply assessment that is completed pursuant to Part 2.10 (commencing with Section 10910) of Division 6 of the Water Code satisfies the requirements of this section, unless the

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public water agency receives new information or otherwise alters its water savings projections after the assessment is completed.

- (2) If the public water system fails to deliver the written verification as required by this section, the local agency or any other interested party may seek a writ of mandamus to compel the public water system to comply.
- (3) If the written verification provided by the applicable public water system indicates that the public water system is unable to provide a sufficient water supply that will meet the projected demand associated with the proposed subdivision, then the local agency may make a finding, after consideration of the written verification by the applicable public water system, that additional water supplies not accounted for by the public water system are, or will be, available prior to completion of the subdivision that will satisfy the requirements of this section. This finding shall be made on the record and supported by substantial evidence.
- (4) If the written verification is not provided by the public water system, notwithstanding the local agency or other interested party securing a writ of mandamus to compel compliance with this section, then the local agency may make a finding that sufficient water supplies are, or will be, available prior to completion of the subdivision that will satisfy the requirements of this section. This finding shall be made on the record and supported by substantial evidence.
- (5) Water savings projections may be calculated using water efficiency program data compiled or maintained by the public water system or the water savings projections adopted by the California Urban Water Conservation Council. Water savings projections for measures for which the California Urban Water Conservation Council does not have adopted findings shall be based on substantial evidence in the record and included in the water supply assessment adopted by the water supplier. If a project applicant proposes to use a new voluntary water reduction demand management measure that is not based on water savings projections adopted by the California Urban Water Conservation Council, the legislative body of a city or county or the advisory agency shall require the project applicant to enter into an agreement with the water utility to implement and monitor the actual water savings over time through conditions of approval for the project, which may include the adoption of legally enforceable mechanisms,

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including, but not limited to, inclusion in covenants, conditions, and restrictions. Water budgets may also be used to monitor the water savings. The public water system shall prepare a written report of the projected water demand versus the actual water use five years after the project has been fully developed. Copies of the report shall be provided to the project applicant, the city or county that approved the subdivision map, the California Urban Water Conservation Council, and the Department of Water Resources. Additionally, at the time of final inspection, a manual providing directions to the owner or occupant on the proper use of water conservation devices and systems shall be placed in the dwelling.

- (6) Prior to the close of escrow, a builder shall give to a purchaser a manual of documents that shall be included in a maintenance manual that informs the purchaser of the existence of the home's unique water saving devices, including information regarding their benefits, maintenance requirements, and proper use.
- (c) The applicable public water system's written verification of its ability or inability to provide a sufficient water supply that will meet the projected demand associated with the proposed subdivision as required by subdivision (b) shall be supported by substantial evidence. The substantial evidence may include, but is not limited to, any of the following:
- (1) The public water system's most recently adopted urban water management plan adopted pursuant to Part 2.6 (commencing with Section 10610) of Division 6 of the Water Code.
- (2) A water supply assessment that was completed pursuant to Part 2.10 (commencing with Section 10910) of Division 6 of the Water Code.
- (3) Other information relating to the sufficiency of the water supply that contains analytical information that is substantially similar to the assessment required by Section 10635 of the Water Code.
- (d) When the written verification pursuant to subdivision (b) relies on projected water supplies that are not currently available to the public water system, to provide a sufficient water supply to the subdivision, the written verification as to those projected water supplies shall be based on all of the following elements, to the extent each is applicable:

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(1) Written contracts or other proof of valid rights to the identified water supply that identify the terms and conditions under which the water will be available to serve the proposed subdivision.

- (2) Copies of a capital outlay program for financing the delivery of a sufficient water supply that has been adopted by the applicable governing body.
- (3) Securing of applicable federal, state, and local permits for construction of necessary infrastructure associated with supplying a sufficient water supply.
- (4) Any necessary regulatory approvals that are required in order to be able to convey or deliver a sufficient water supply to the subdivision.
- (e) If there is no public water system, the local agency shall make a written finding of sufficient water supply based on the evidentiary requirements of subdivisions (b), (c), and (d) and identify the mechanism for providing water to the subdivision.
- (f) In making any findings or determinations under this section, a local agency, or designated advisory agency, may work in conjunction with the project applicant and the public water system to secure water supplies sufficient to satisfy the demands of the proposed subdivision. If the local agency secures water supplies pursuant to this subdivision, which supplies are acceptable to and approved by the governing body of the public water system as suitable for delivery to customers, it shall work in conjunction with the public water system to implement a plan to deliver that water supply to satisfy the long-term demands of the proposed subdivision.
- (g) The written verification prepared under this section also shall include a description, to the extent that data is reasonably available based on published records maintained by federal and state agencies, and public records of local agencies, of the reasonably foreseeable impacts of the proposed subdivision on the availability of water resources for agricultural and industrial uses within the public water system's service area that are not currently receiving water from the public water system but are utilizing the same sources of water. To the extent that those reasonably foreseeable impacts have previously been evaluated in a document prepared pursuant to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) or the National Environmental Policy Act (P.L.

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91-190) for the proposed subdivision, the public water system may utilize that information in preparing the written verification.

- (h) Where a water supply for a proposed subdivision includes groundwater, the public water system serving the proposed subdivision shall evaluate, based on substantial evidence, the extent to which it or the landowner has the right to extract the additional groundwater needed to supply the proposed subdivision. Nothing in this subdivision is intended to modify state law with regard to groundwater rights.
- (i) This section shall not apply to any residential project proposed for a site that is within an urbanized area and has been previously developed for urban uses, or where the immediate contiguous properties surrounding the residential project site are, or previously have been, developed for urban uses, or housing projects that are exclusively for very low and low-income households.
- (j) The determinations made pursuant to this section shall be consistent with the obligation of a public water system to grant a priority for the provision of available and future water resources or services to proposed housing developments that help meet the city's or county's share of the regional housing needs for lower income households, pursuant to Section 65589.7.
- (k) The County of San Diego shall be deemed to comply with this section if the Office of Planning and Research determines that all of the following conditions have been met:
- (1) A regional growth management strategy that provides for a comprehensive regional strategy and a coordinated economic development and growth management program has been developed pursuant to Proposition C as approved by the voters of the County of San Diego in November 1988, which required the development of a regional growth management plan and directed the establishment of a regional planning and growth management review board.
- (2) Each public water system, as defined in Section 10912 of the Water Code, within the County of San Diego has adopted an urban water management plan pursuant to Part 2.6 (commencing with Section 10610) of the Water Code.
- (3) The approval or conditional approval of tentative maps for subdivisions, as defined in this section, by the County of San Diego and the cities within the county requires written communications

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to be made by the public water system to the city or county, in a format and with content that is substantially similar to the requirements contained in this section, with regard to the availability of a sufficient water supply, or the reliance on projected water supplies to provide a sufficient water supply, for a proposed subdivision.

- (*l*) Nothing in this section shall preclude the legislative body of a city or county, or the designated advisory agency, at the request of the applicant, from making the determinations required in this section earlier than required pursuant to subdivision (b).
- (m) Nothing in this section shall be construed to create a right or entitlement to water service or any specific level of water service.
- (n) Nothing in this section is intended to change existing law concerning a public water system's obligation to provide water service to its existing customers or to any potential future customers.
- (o) Any action challenging the sufficiency of the public water system's written verification of a sufficient water supply shall be governed by Section 66499.37.
- (p) (1) For purposes of a Voluntary Water Demand Mitigation Fund held by a public water system, the public water system shall be required to expend all funds from the Voluntary Water Demand Mitigation Fund on water conservation measures that will reduce the projected demand associated with the subdivision. Water conservation measures shall be chosen that are the least expensive, most cost-effective means to yield water. The expenditure may be made within the subdivision or elsewhere within the service area of the public water supplier, at its discretion. Moneys in the Voluntary Water Demand Mitigation Fund may be directed to water conservation programs in any disadvantaged community, as defined in Section 75005 of the Public Resources Code.
- (2) The public water system shall be prohibited from using funds from the *Voluntary* Water Conservation Mitigation Fund to supplant funding for water conservation programs required by existing law or paid for by existing customers through water rates and surcharges.
- (3) The public water system should commit to carrying out the water conservation measures funded by the Voluntary Water Demand Mitigation Fund within 24 months of the sale of the last

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unit of the proposed subdivision. However, the public water system's failure to implement the water conservation measures shall not result in the revocation, denial, or delay of any legislative, adjudicatory, ministerial, or discretionary act, permit, or approval necessary for the planning, use, development, construction, occupancy, or operation of the proposed subdivision or any improvement thereon. The sole remedy for the failure of a public water system to implement the water conservation measures shall be for an interested party to seek a writ of mandamus to compel the public water system to comply.

(q) This section shall remain in effect only until January 1, 2020, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2020, deletes or extends that date.

- SEC. 3. Section 66473.7 is added to the Government Code, to read:
- 66473.7. (a) For the purposes of this section, the following definitions apply:
- (1) "Subdivision" means a proposed residential development of more than 500 dwelling units, except that for a public water system that has fewer than 5,000 service connections, "subdivision" means any proposed residential development that would account for an increase of 10 percent or more in the number of the public water system's existing service connections.
- (2) "Sufficient water supply" means the total water supplies available during normal, single-dry, and multiple-dry single dry, and multiple dry years within a 20-year projection that will meet the projected demand associated with the proposed subdivision, in addition to existing and planned future uses, including, but not limited to, agricultural and industrial uses. In determining "sufficient water supply," all of the following factors shall be considered:
- (A) The availability of water supplies over a historical record of at least 20 years.
- (B) The applicability of an urban water shortage contingency analysis prepared pursuant to Section 10632 of the Water Code that includes actions to be undertaken by the public water system in response to water supply shortages.
- (C) The reduction in water supply allocated to a specific water use sector pursuant to a resolution or ordinance adopted, or a contract entered into, by the public water system, as long as that

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resolution, ordinance, or contract does not conflict with Section 354 of the Water Code.

- (D) The amount of water that the water supplier can reasonably rely on receiving from other water supply projects, such as conjunctive use, reclaimed water, water conservation, and water transfer, including programs identified under federal, state, and local water initiatives such as CALFED and Colorado River tentative agreements, to the extent that these water supplies meet the criteria of subdivision (d).
- (3) "Public water system" means the water supplier that is, or may become as a result of servicing the subdivision included in a tentative map pursuant to subdivision (b), a public water system, as defined in Section 10912 of the Water Code, that may supply water for a subdivision.
- (b) (1) The legislative body of a city or county or the advisory agency, to the extent that it is authorized by local ordinance to approve, conditionally approve, or disapprove the tentative map, shall include as a condition in any tentative map that includes a subdivision a requirement that a sufficient water supply shall be available. Proof of the availability of a sufficient water supply shall be requested by the subdivision applicant or local agency, at the discretion of the local agency, and shall be based on written verification from the applicable public water system within 90 days of a request.
- (2) If the public water system fails to deliver the written verification as required by this section, the local agency or any other interested party may seek a writ of mandamus to compel the public water system to comply.
- (3) If the written verification provided by the applicable public water system indicates that the public water system is unable to provide a sufficient water supply that will meet the projected demand associated with the proposed subdivision, then the local agency may make a finding, after consideration of the written verification by the applicable public water system, that additional water supplies not accounted for by the public water system are, or will be, available prior to completion of the subdivision that will satisfy the requirements of this section. This finding shall be made on the record and supported by substantial evidence.
- (4) If the written verification is not provided by the public water system, notwithstanding the local agency or other interested party

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securing a writ of mandamus to compel compliance with this section, then the local agency may make a finding that sufficient water supplies are, or will be, available prior to completion of the subdivision that will satisfy the requirements of this section. This finding shall be made on the record and supported by substantial evidence.

- (c) The applicable public water system's written verification of its ability or inability to provide a sufficient water supply that will meet the projected demand associated with the proposed subdivision as required by subdivision (b) shall be supported by substantial evidence. The substantial evidence may include, but is not limited to, any of the following:
- (1) The public water system's most recently adopted urban water management plan adopted pursuant to Part 2.6 (commencing with Section 10610) of Division 6 of the Water Code.
- (2) A water supply assessment that was completed pursuant to Part 2.10 (commencing with Section 10910) of Division 6 of the Water Code.
- (3) Other information relating to the sufficiency of the water supply that contains analytical information that is substantially similar to the assessment required by Section 10635 of the Water Code.
- (d) When the written verification pursuant to subdivision (b) relies on projected water supplies that are not currently available to the public water system, to provide a sufficient water supply to the subdivision, the written verification as to those projected water supplies shall be based on all of the following elements, to the extent each is applicable:
- (1) Written contracts or other proof of valid rights to the identified water supply that identify the terms and conditions under which the water will be available to serve the proposed subdivision.
- (2) Copies of a capital outlay program for financing the delivery of a sufficient water supply that has been adopted by the applicable governing body.
- (3) Securing of applicable federal, state, and local permits for construction of necessary infrastructure associated with supplying a sufficient water supply.
- (4) Any necessary regulatory approvals that are required in order to be able to convey or deliver a sufficient water supply to the subdivision.

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(e) If there is no public water system, the local agency shall make a written finding of sufficient water supply based on the evidentiary requirements of subdivisions (c) and (d) and identify the mechanism for providing water to the subdivision.

- (f) In making any findings or determinations under this section, a local agency, or designated advisory agency, may work in conjunction with the project applicant and the public water system to secure water supplies sufficient to satisfy the demands of the proposed subdivision. If the local agency secures water supplies pursuant to this subdivision, which supplies are acceptable to and approved by the governing body of the public water system as suitable for delivery to customers, it shall work in conjunction with the public water system to implement a plan to deliver that water supply to satisfy the long-term demands of the proposed subdivision.
- (g) The written verification prepared under this section also shall include a description, to the extent that data is reasonably available based on published records maintained by federal and state agencies, and public records of local agencies, of the reasonably foreseeable impacts of the proposed subdivision on the availability of water resources for agricultural and industrial uses within the public water system's service area that are not currently receiving water from the public water system but are utilizing the same sources of water. To the extent that those reasonably foreseeable impacts have previously been evaluated in a document prepared pursuant to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) or the National Environmental Policy Act (P.L. 91-190) for the proposed subdivision, the public water system may utilize that information in preparing the written verification.
- (h) Where a water supply for a proposed subdivision includes groundwater, the public water system serving the proposed subdivision shall evaluate, based on substantial evidence, the extent to which it or the landowner has the right to extract the additional groundwater needed to supply the proposed subdivision. Nothing in this subdivision is intended to modify state law with regard to groundwater rights.
- (i) This section shall not apply to any residential project proposed for a site that is within an urbanized area and has been previously developed for urban uses, or where the immediate

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contiguous properties surrounding the residential project site are, or previously have been, developed for urban uses, or housing projects that are exclusively for very low and low-income households.

- (j) The determinations made pursuant to this section shall be consistent with the obligation of a public water system to grant a priority for the provision of available and future water resources or services to proposed housing developments that help meet the city's or county's share of the regional housing needs for lower income households, pursuant to Section 65589.7.
- (k) The County of San Diego shall be deemed to comply with this section if the Office of Planning and Research determines that all of the following conditions have been met:
- (1) A regional growth management strategy that provides for a comprehensive regional strategy and a coordinated economic development and growth management program has been developed pursuant to Proposition C as approved by the voters of the County of San Diego in November 1988, which required the development of a regional growth management plan and directed the establishment of a regional planning and growth management review board.
- (2) Each public water system, as defined in Section 10912 of the Water Code, within the County of San Diego has adopted an urban water management plan pursuant to Part 2.6 (commencing with Section 10610) of the Water Code.
- (3) The approval or conditional approval of tentative maps for subdivisions, as defined in this section, by the County of San Diego and the cities within the county requires written communications to be made by the public water system to the city or county, in a format and with content that is substantially similar to the requirements contained in this section, with regard to the availability of a sufficient water supply, or the reliance on projected water supplies to provide a sufficient water supply, for a proposed subdivision.
- (1) Nothing in this section shall preclude the legislative body of a city or county, or the designated advisory agency, at the request of the applicant, from making the determinations required in this section earlier than required pursuant to subdivision (b).

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(m) Nothing in this section shall be construed to create a right or entitlement to water service or any specific level of water service.

- (n) Nothing in this section is intended to change existing law concerning a public water system's obligation to provide water service to its existing customers or to any potential future customers.
- (o) Any action challenging the sufficiency of the public water system's written verification of a sufficient water supply shall be governed by Section 66499.37.
 - (p) This section shall become operative on January 1, 2020.
- SEC. 4. Section 10910 of the Water Code is amended to read: 10910. (a) Any city or county that determines that a project, as defined in Section 10912, is subject to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) under Section 21080 of the Public Resources Code shall comply with this part.
- (b) The city or county, at the time that it determines whether an environmental impact report, a negative declaration, or a mitigated negative declaration is required for any project subject to the California Environmental Quality Act pursuant to Section 21080.1 of the Public Resources Code, shall identify any water system that is, or may become as a result of supplying water to the project identified pursuant to this subdivision, a public water system, as defined in Section 10912, that may supply water for the project. If the city or county is not able to identify any public water system that may supply water for the project, the city or county shall prepare the water assessment required by this part after consulting with any entity serving domestic water supplies whose service area includes the project site, the local agency formation commission, and any public water system adjacent to the project site.
- (c) (1) The city or county, at the time it makes the determination required under Section 21080.1 of the Public Resources Code, shall request each public water system identified pursuant to subdivision (b) to determine whether the projected water demand associated with a proposed project was included as part of the most recently adopted urban water management plan adopted pursuant to Part 2.6 (commencing with Section 10610).

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(2) If the projected water demand associated with the proposed project was accounted for in the most recently adopted urban water management plan, the public water system may incorporate the requested information from the urban water management plan in preparing the elements of the assessment required to comply with subdivisions (d), (e), (f), and (g).

- (3) If the projected water demand associated with the proposed project was not accounted for in the most recently adopted urban water management plan, or the public water system has no urban water management plan, the water supply assessment for the project shall include a discussion with regard to whether the public water system's total projected water supplies available during normal, single dry, and multiple dry water years during a 20-year projection will meet the projected water demand associated with the proposed project, in addition to the public water system's existing and planned future uses, including agricultural and manufacturing uses.
- (4) If the city or county is required to comply with this part pursuant to subdivision (b), the water supply assessment for the project shall include a discussion with regard to whether the total projected water supplies, determined to be available by the city or county for the project during normal, single dry, and multiple dry water years during a 20-year projection, will meet the projected water demand associated with the proposed project, in addition to existing and planned future uses, including agricultural and manufacturing uses.
- (5) If an applicant elects to include voluntary demand management measures, the projected water demand shall be reduced for the project to an amount below the current statutory, regulatory, and—local-ordinance local ordinance requirements, based on the project applicant's voluntary water demand management measures. The public water system, or, if there is no public water system, the local agency, shall quantify the reduction of anticipated water demand attributable to the voluntary demand management measures. For purposes of this section, "voluntary water demand management measures" means water use efficiency measures that exceed current statutory, regulatory, and local-ordinance local ordinance requirements, and that are permanently fixed to residential, commercial, industrial, or other real property that will reduce projected water demand, and may include, but are not limited to, all of the following:

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1 (A) Smart irrigation controllers.

2 (B) Waterless urinals.

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- 3 (C) Ultralow flow and dual flow toilets.
- 4 (D) Recycled water facilities.
- 5 (E) Rainwater capture and reuse facilities.
 - (F) Any other measure that will prevent the waste of water or promote the reasonable and efficient use and reuse of available water supplies by the subdivision or the public. For the purposes of this chapter, water recycling shall be eligible as a water conservation measure.
 - (G) Voluntary mitigation measures may include, at the applicant's sole discretion, water demand mitigation measures conservation offsets that reduce a project's impact to the public water system, as determined by the applicant and agreed upon by the public water system. The applicant may enter into an a mutual agreement with the public water system to mitigate water demand associated with a proposed subdivision by depositing funds into a Voluntary Water Demand Mitigation Fund. The fees paid into the Voluntary Water Demand Mitigation Fund shall not exceed an amount necessary to offset the actual or percentage of actual water demand impacts agreed upon in the agreement between the applicant and the public water system. The fees may not exceed the amount of all capacity charges and other water service fees applicable to the subdivision. All applicable capacity charges and other water service fees shall not be waived or modified by contractual agreement, act, or omission of the parties. water system. At the discretion of the public water system, the amount required for the Voluntary Water Demand Mitigation Fund may be reduced by a portion of the normally required system capacity charges that finance future water storage or distribution. A project may not be disapproved due to the applicant's refusal to use voluntary mitigation measures.
 - (6) "Voluntary Water Demand Mitigation Fund" means the fund used to finance water conservation and water supply augmentation measures by the public water system that mitigate an agreed upon or offset a percentage of the projected water demand impacts from the subdivision, at the discretion of the applicant as agreed upon by the public water agency and the applicant.
- 39 (7) Water savings projections may be calculated using water 40 efficiency program data compiled or maintained by the public

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water system or the water savings projections adopted by the 2 California Urban Water Conservation Council. Water savings 3 projections for measures for which the California Urban Water 4 Conservation Council does not have adopted findings shall be 5 based on substantial evidence in the record and included in the 6 water supply assessment adopted by the water supplier. If a project applicant proposes to use a new voluntary water reduction demand management measure that is not based on water savings projections adopted by the California Urban Water Conservation Council, the 10 legislative body of a city or county or the advisory agency shall require the project applicant to enter into an agreement with the 12 water utility to implement and monitor the actual water savings 13 over time through conditions of approval for the project, which 14 may include the adoption of legally enforceable mechanisms 15 including, but not limited to, inclusion in covenants, conditions, 16 and restrictions. Water budgets may also be used to monitor the 17 water savings. The public water system shall prepare a written 18 report of the projected water demand versus the actual water use 19 five years after the project has been fully developed. Copies of the report shall be provided to the project applicant, the city or county 20 that approved the subdivision map, the California Urban Water 22 Conservation Council, and the Department of Water Resources. Additionally, at the time of final inspection, a manual providing 24 directions to the owner or occupant on the proper use of water conservation devices and systems shall be placed in the dwelling. 26

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- (8) Prior to the close of escrow, a builder shall give to a purchaser a manual of documents that shall be included in a maintenance manual that informs the purchaser of the existence of the home's unique water saving devices, including information regarding their benefits, maintenance requirements, and proper use.
- (d) (1) The assessment required by this section shall include an identification of any existing water supply entitlements, water rights, or water service contracts relevant to the identified water supply for the proposed project, and a description of the quantities of water received in prior years by the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), under the existing water supply entitlements, water rights, or water service contracts.

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(2) An identification of existing water supply entitlements, water rights, or water service contracts held by the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), shall be demonstrated by providing information related to all of the following:

- (A) Written contracts or other proof of entitlement to an identified water supply.
- (B) Copies of a capital outlay program for financing the delivery of a water supply that has been adopted by the public water system.
- (C) Federal, state, and local permits for construction of necessary infrastructure associated with delivering the water supply.
- (D) Any necessary regulatory approvals that are required in order to be able to convey or deliver the water supply.
- (e) If no water has been received in prior years by the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), under the existing water supply entitlements, water rights, or water service contracts, the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), shall also include in its water supply assessment pursuant to subdivision (c), an identification of the other public water systems or water service contractholders that receive a water supply or have existing water supply entitlements, water rights, or water service contracts, to the same source of water as the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), has identified as a source of water supply within its water supply assessments.
- (f) If a water supply for a proposed project includes groundwater, the following additional information shall be included in the water supply assessment:
- (1) A review of any information contained in the urban water management plan relevant to the identified water supply for the proposed project.
- (2) A description of any groundwater basin or basins from which the proposed project will be supplied. For those basins for which a court or the board has adjudicated the rights to pump groundwater, a copy of the order or decree adopted by the court or the board and a description of the amount of groundwater the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), has the legal

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right to pump under the order or decree. For basins that have not been adjudicated, information as to whether the department has identified the basin or basins as overdrafted or has projected that the basin will become overdrafted if present management conditions continue, in the most current bulletin of the department that characterizes the condition of the groundwater basin, and a detailed description by the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), of the efforts being undertaken in the basin or basins to eliminate the long-term overdraft condition.

- (3) A detailed description and analysis of the amount and location of groundwater pumped by the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), for the past five years from any groundwater basin from which the proposed project will be supplied. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.
- (4) A detailed description and analysis of the amount and location of groundwater that is projected to be pumped by the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), from any basin from which the proposed project will be supplied. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.
- (5) An analysis of the sufficiency of the groundwater from the basin or basins from which the proposed project will be supplied to meet the projected water demand associated with the proposed project. A water supply assessment shall not be required to include the information required by this paragraph if the public water system determines, as part of the review required by paragraph (1), that the sufficiency of groundwater necessary to meet the initial and projected water demand associated with the project was addressed in the description and analysis required by paragraph (4) of subdivision (b) of Section 10631.
- (g) (1) Subject to paragraph (2), the governing body of each public water system shall submit the assessment to the city or county not later than 90 days from the date on which the request was received. The governing body of each public water system, or the city or county if either is required to comply with this act

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pursuant to subdivision (b), shall approve the assessment prepared pursuant to this section at a regular or special meeting.

- (2) Prior to the expiration of the 90-day period, if the public water system intends to request an extension of time to prepare and adopt the assessment, the public water system shall meet with the city or county to request an extension of time, which shall not exceed 30 days, to prepare and adopt the assessment.
- (3) If the public water system fails to request an extension of time, or fails to submit the assessment notwithstanding the extension of time granted pursuant to paragraph (2), the city or county may seek a writ of mandamus to compel the governing body of the public water system to comply with the requirements of this part relating to the submission of the water supply assessment.
- (h) Notwithstanding any other provision of this part, if a project has been the subject of a water supply assessment that complies with the requirements of this part, no additional water supply assessment shall be required for subsequent projects that were part of a larger project for which a water supply assessment was completed and that has complied with the requirements of this part and for which the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), has concluded that its water supplies are sufficient to meet the projected water demand associated with the proposed project, in addition to the existing and planned future uses, including, but not limited to, agricultural and industrial uses, unless one or more of the following changes occurs:
- (1) Changes in the project that result in a substantial increase in water demand for the project.
- (2) Changes in the circumstances or conditions substantially affecting the ability of the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), to provide a sufficient supply of water for the project.
- (3) Significant new information becomes available which was not known and could not have been known at the time when the assessment was prepared.
- (i) (1) For purposes of a Voluntary Water Demand Mitigation Fund held by a public water system, the public water system shall be required to expend all funds from the Voluntary Water Demand Mitigation Fund on water conservation measures that will reduce

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the projected demand associated with the subdivision. Water conservation measures shall be chosen that are the least expensive, most-cost effective cost-effective means to yield water. The expenditures may be made within the subdivision or elsewhere within the service area of the public water supplier at its discretion. Moneys in the Voluntary Water Demand Mitigation Fund may be directed to water conservation programs in any disadvantaged community, as defined in Section 75005 of the Public Resources Code.

- (2) The public water system shall be prohibited from using funds from the *Voluntary* Water Conservation Mitigation Fund to supplant funding for water conservation programs required by existing law or paid for by existing customers through water rates and surcharges.
- (3) The public water system should commit to carrying out the water conservation measures funded by the Voluntary Water Demand Mitigation Fund within 24 months of the sale of the last unit of the proposed subdivision. However, the public water system's failure to implement the water conservation measures shall not result in the revocation, denial, or delay of any legislative, adjudicatory, ministerial, or discretionary act, permit, or approval necessary for the planning, use, development, construction, occupancy, or operation of the proposed subdivision or any improvement thereon. The sole remedy for the failure of a public water system to implement the water conservation measures shall be for an interested party to seek a writ of mandamus to compel the public water system to comply.
- (j) This section shall remain in effect only until January 1, 2020, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2020, deletes or extends that date.
 - SEC. 5. Section 10910 is added to the Water Code, to read:
- 10910. (a) Any city or county that determines that a project, as defined in Section 10912, is subject to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) under Section 21080 of the Public Resources Code shall comply with this part.
- (b) The city or county, at the time that it determines whether an environmental impact report, a negative declaration, or a mitigated negative declaration is required for any project subject to the California Environmental Quality Act pursuant to Section 21080.1

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of the Public Resources Code, shall identify any water system that is, or may become as a result of supplying water to the project identified pursuant to this subdivision, a public water system, as defined in Section 10912, that may supply water for the project. If the city or county is not able to identify any public water system that may supply water for the project, the city or county shall prepare the water assessment required by this part after consulting with any entity serving domestic water supplies whose service area includes the project site, the local agency formation commission, and any public water system adjacent to the project site.

- (c) (1) The city or county, at the time it makes the determination required under Section 21080.1 of the Public Resources Code, shall request each public water system identified pursuant to subdivision (b) to determine whether the projected water demand associated with a proposed project was included as part of the most recently adopted urban water management plan adopted pursuant to Part 2.6 (commencing with Section 10610).
- (2) If the projected water demand associated with the proposed project was accounted for in the most recently adopted urban water management plan, the public water system may incorporate the requested information from the urban water management plan in preparing the elements of the assessment required to comply with subdivisions (d), (e), (f), and (g).
- (3) If the projected water demand associated with the proposed project was not accounted for in the most recently adopted urban water management plan, or the public water system has no urban water management plan, the water supply assessment for the project shall include a discussion with regard to whether the public water system's total projected water supplies available during normal, single dry, and multiple dry water years during a 20-year projection will meet the projected water demand associated with the proposed project, in addition to the public water system's existing and planned future uses, including agricultural and manufacturing uses.
- (4) If the city or county is required to comply with this part pursuant to subdivision (b), the water supply assessment for the project shall include a discussion with regard to whether the total projected water supplies, determined to be available by the city or county for the project during normal, single dry, and multiple dry water years during a 20-year projection, will meet the projected

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water demand associated with the proposed project, in addition to existing and planned future uses, including agricultural and manufacturing uses.

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- (d) (1) The assessment required by this section shall include an identification of any existing water supply entitlements, water rights, or water service contracts relevant to the identified water supply for the proposed project, and a description of the quantities of water received in prior years by the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), under the existing water supply entitlements, water rights, or water service contracts.
- (2) An identification of existing water supply entitlements, water rights, or water service contracts held by the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), shall be demonstrated by providing information related to all of the following:
- (A) Written contracts or other proof of entitlement to an identified water supply.
- (B) Copies of a capital outlay program for financing the delivery of a water supply that has been adopted by the public water system.
- (C) Federal, state, and local permits for construction of necessary infrastructure associated with delivering the water supply.
- (D) Any necessary regulatory approvals that are required in order to be able to convey or deliver the water supply.
- (e) If no water has been received in prior years by the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), under the existing water supply entitlements, water rights, or water service contracts, the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), shall also include in its water supply assessment pursuant to subdivision (c), an identification of the other public water systems or water service contractholders that receive a water supply or have existing water supply entitlements, water rights, or water service contracts, to the same source of water as the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), has identified as a source of water supply within its water supply assessments.

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(f) If a water supply for a proposed project includes groundwater, the following additional information shall be included in the water supply assessment:

- (1) A review of any information contained in the urban water management plan relevant to the identified water supply for the proposed project.
- (2) A description of any groundwater basin or basins from which the proposed project will be supplied. For those basins for which a court or the board has adjudicated the rights to pump groundwater, a copy of the order or decree adopted by the court or the board and a description of the amount of groundwater the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), has the legal right to pump under the order or decree. For basins that have not been adjudicated, information as to whether the department has identified the basin or basins as overdrafted or has projected that the basin will become overdrafted if present management conditions continue, in the most current bulletin of the department that characterizes the condition of the groundwater basin, and a detailed description by the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), of the efforts being undertaken in the basin or basins to eliminate the long-term overdraft condition.
- (3) A detailed description and analysis of the amount and location of groundwater pumped by the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), for the past five years from any groundwater basin from which the proposed project will be supplied. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.
- (4) A detailed description and analysis of the amount and location of groundwater that is projected to be pumped by the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), from any basin from which the proposed project will be supplied. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.
- (5) An analysis of the sufficiency of the groundwater from the basin or basins from which the proposed project will be supplied

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to meet the projected water demand associated with the proposed project. A water supply assessment shall not be required to include the information required by this paragraph if the public water system determines, as part of the review required by paragraph (1), that the sufficiency of groundwater necessary to meet the initial and projected water demand associated with the project was addressed in the description and analysis required by paragraph (4) of subdivision (b) of Section 10631.

- (g) (1) Subject to paragraph (2), the governing body of each public water system shall submit the assessment to the city or county not later than 90 days from the date on which the request was received. The governing body of each public water system, or the city or county if either is required to comply with this act pursuant to subdivision (b), shall approve the assessment prepared pursuant to this section at a regular or special meeting.
- (2) Prior to the expiration of the 90-day period, if the public water system intends to request an extension of time to prepare and adopt the assessment, the public water system shall meet with the city or county to request an extension of time, which shall not exceed 30 days, to prepare and adopt the assessment.
- (3) If the public water system fails to request an extension of time, or fails to submit the assessment notwithstanding the extension of time granted pursuant to paragraph (2), the city or county may seek a writ of mandamus to compel the governing body of the public water system to comply with the requirements of this part relating to the submission of the water supply assessment.
- (h) Notwithstanding any other provision of this part, if a project has been the subject of a water supply assessment that complies with the requirements of this part, no additional water supply assessment shall be required for subsequent projects that were part of a larger project for which a water supply assessment was completed and that has complied with the requirements of this part and for which the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), has concluded that its water supplies are sufficient to meet the projected water demand associated with the proposed project, in addition to the existing and planned future uses, including, but not limited to, agricultural and industrial uses, unless one or more of the following changes occurs:

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(1) Changes in the project that result in a substantial increase in water demand for the project.

- (2) Changes in the circumstances or conditions substantially affecting the ability of the public water system, or the city or county if either is required to comply with this part pursuant to subdivision (b), to provide a sufficient supply of water for the project.
- (3) Significant new information becomes available which was not known and could not have been known at the time when the assessment was prepared.
 - (i) This section shall become operative on January 1, 2020.
- SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIIIB of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.